

Message Text

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SUBJ: VENEZUELAN CONGRESS COMPENSATION AGREEMENTS

REF: CARACAS 13017

1. THE VENEZUELAN CONGRESS IN A JOINT SESSION DECEMBER 16 GAVE FINAL APPROVAL TO THE COMPENSATION AGREEMENTS CONCLUDED BY THE GOV WITH 38 OIL COMPANIES CURRENTLY OPERATING IN VENEZUELA. CONGRESS' ACTION THUS COMPLETES A KEY STEP IN THE LEGAL PROCESS FOR NATIONALIZATION OF THE VENEZUELAN PETROLEUM INDUSTRY TO TAKE PLACE ON JANUARY 1.

2. THE GOVERNING DEMOCRATICA (AD) PARTY WAS FORCED TO RELY ON ITS MAJORITY IN THE CONGRESS TO OBTAIN CONGRESSIONAL APPROVAL OF THE AGREEMENTS. ALL OPPOSITION PARTIES, WITH THE EXCEPTION OF THE PEREZJIMENISTA CRUZADA CIVICA NACIONALISTA (CCN) VOTED AGAINST APPROVAL OF THE AGREEMENTS. (COMMENT: WHEN THE CONGRESS PASSED THE OIL NATIONALIZATION BILL IN AUGUST, AD WAS BACKED BY THE COPEI AND UNION REPUBLICANA DEMOCRATICA OPPOSITION PARTIES IN ADDITION TO THE CCN.) IN THE CONGRESSIONAL DEBATE DECEMBER 15, AD DEPUTY CELESTINO UNCLASSIFIED

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ARMAS DEFENDED THE GOV FROM OPPOSITION CHARGES THAT

THE COMPENSATION AMOUNTS WERE AN AGUINALDO (TRADITIONAL VENEZUELAN CHRISTMAS PRESENT) TO THE OIL COMPANIES.

3. ALSO THIS WEEK AD DEPUTY AND CHIEF PARTY SPOKESMAN ON PETROLEUM MATTERS ARTURO HERNANDEZ GRISANTI EXPRESSED PUBLICLY HIS OPTIMISM ABOUT VENEZUELAN OPERATION OF THE OIL INDUSTRY FOLLOWING NATIONALIZATION. ASKED ABOUT FEARS AND APPREHENSIONS ON THE PART OF SOME SECTORS OF THE PUBLIC AS NATIONALIZATION APPROACHES, HERNANDEZ SAID SUCH EMOTIONS WERE "NATURAL" BECAUSE THERE IS ALWAYS FEAR OF THE UNKNOWN. HE ALLOWED AS WELL THAT THESE FEARS EXISTED BECAUSE THE VENEZUELAN PUBLIC SERVICE IS NOT CHARACTERIZED BY A HIGH LEVEL OF EFFICIENCY. HERNANDEZ MAINTAINED THAT THE GOV'S OPERATION OF THE PETROLEUM INDUSTRY WILL BE A DIFFERENT MATTER, HOWEVER, BECAUSE OF THE EXISTENCE OF COMPETENT VENEZUELAN PROFESSIONALS AND EMPLOYEES. HE SAID THAT AS LONG AS THERE IS A DIFFERENTIATION BETWEEN THE GOV'S POLITICAL OBJECTIVES AND OPERATING THE INDUSTRY AS A BUSINESS, THERE NEED NOT BE ANY REDUCTION IN THE LEVEL OF EFFICIENCY OF THE NATIONALIZED OIL INDUSTRY.
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